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Las Vegas tycoon plans Macau "neon alley"

Fri Mar 18, 2005 10:36 AM GMT

By Dominic Whiting

MACAU (Reuters) - Hoping a new Las Vegas will rise from the sea off the southern tip of China, multi-billionaire gaming tycoon Sheldon Adelson has unveiled his "dream" plans for a strip of casinos, plush hotels and shopping malls in Macau costing up to \$15 billion (7.8 billion pounds).

The world's 19th richest person, who flies from the United States to the former Portuguese enclave of Macau in his private jet once a month, said his planned Cotai Strip project would give Asia its first "neon alley" entertainment venue.

A former Portuguese colony handed back to Beijing in 1999, Macau is the only place in China where casino gambling is legal.

Flanked by executives from investing hotel operators including Hilton Group's Hilton International, Marriott International and Four Seasons Hotels Inc., Adelson told reporters the three-phase development would feature 60,000 rooms in seven casino hotels.

By comparison, Las Vegas has 130,000 hotel rooms.

The centrepiece of Adelson's vision is the \$1.8 billion Venetian Macau, to be built by Adelson's Las Vegas Sands Corporation, a copy of the themed casino, conference and entertainment complex of the same name in Las Vegas.

"I had a dream one night. All of a sudden it came to me. There's room there and demand to create Asia's Las Vegas," Adelson, 71, told a packed news conference on Friday, as masked waitresses in sixteenth century Venetian costumes served champagne.

A model of the planned complex showed palm-lined avenues, gondoliers floating on canals and a dozen high-rise buildings.

PROPPING UP THE STRIP

A 10-minute drive away from the news conference, across a snaking bridge, construction workers hammer 14,000 piles into 4.7 square km (1.8 sq mile) of reclaimed land that has forged two of Macau's islands into one.

Steel and concrete pipes lie beside fields of dust, as trucks drive over a bridge from mainland China to unload earth under the gaze of giant statues of mythical goats.

The first phase of the project, to be completed in 2007, will include 10,000 hotel rooms, plus the Venetian's 3,000 suites, a 15,000-seat arena and 80,000 sq metres (850,000 sq ft) of shops.

"The mainland could send so many people that, if there were no piling, they would sink the strip," Adelson said of the voracious appetite for gambling in China.

Mainland Chinese visitors have thronged once-sleepy Macau since Beijing eased travel restrictions for its citizens two years ago. New investment, meanwhile, has poured in since Macau ended tycoon Stanley Ho's gaming monopoly in 2002.

Last year, Macau welcomed 16.7 million visitors, up 40 percent on 2003, which pumped up economic growth by 30 percent. Just over half were from mainland China.

Property prices have jumped 50 percent in the last year. Developers are rushing to build luxury flats to feed the Macau investment fever that has infused Hong Kong, an hour away by ferry or 10 minutes for those who can afford a helicopter ride.

A plush 1,000-square foot flat now costs about HK\$2.2 million (US\$282,051) -- still just a fifth of Hong Kong's prices.

PACKED TABLES

Macau's 16 casinos are booming.

In Adelson's one existing Macau casino, the 10-month old Sands, every baccarat table was surrounded by about a dozen gamblers at midday on Friday, mostly from the mainland.

According to CSFB, the legal gambling business raked in HK\$40 billion in "total net wins" last year, up nearly half on 2003.

Analyst Gabriel Chan estimates gaming tables will double to around 4,000 by 2009, with about 600 reserved for VIPs and their high-stakes gambling. Based on 18 years of business, each "high roller" table is worth HK\$841 million to a casino, Chan figures.

Although some of the older casinos with crumbling facades could lose ground to the glitz newcomers, U.S. operators such as Adelson and his Las Vegas rival, Steve Wynn, might find it hard to compete for mainland business.

Many of the highest rollers in Macau are brought by tour operators who lend money and collect debts back in the mainland.

"The Americans still do not have the necessary connections," CSFB's Chan said in recent a note to clients.

Macau could also face increased competition for gamblers in Asia, with Singapore considering building a casino. Las Vegas Sands is reportedly interested in operating in Singapore.

Adelson was in a battling mood when asked whether local competitor Ho, who long held Macau's only gaming license, would invest in the Cotai Strip.

"He's not participating," Adelson said. "If I were him I'd concentrate on protecting his casinos."

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